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The Social Economy Across the Rural to Urban Gradient: Evidence from Registered Charities

2004

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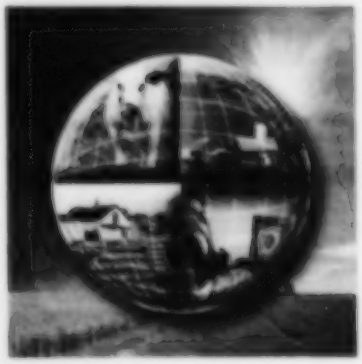

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p	preliminary
r	revised
x	suppressed to meet the confidentiality requirements of the *Statistics Act*
A	excellent
B	very good
C	good
D	acceptable
E	use with caution
F	too unreliable to be published

Executive summary

Although the analysis of the social economy remains challenging due to definition and measurement issues, over the last few years there has been a major effort to understand its formal components. Recent estimates suggest that the non-profit and voluntary sector contribute to between 2.4% to 6.8% of Canada's GDP, depending on the definition used (Statistics Canada 2008a).

This paper focuses on registered charities, which are one of the main types of formal organizations within the domain of the social economy. We present a profile of registered charities across the rural to urban gradient and highlight the potential use of administrative tax filer data for further community level analysis. Our analysis is based on data from the Canada Revenue Agency, which are processed with Statistics Canada's Postal Code Conversion File (PCCF+). This classifies each registered charity to standard census geographies, in our case census subdivisions. The results are presented here by degree of rurality of the community, using the *rural and small town* definition of rural. Hence, our definition of rural/urban charities is based on the location of the charities and not necessarily on the geographic scope of their activities.

The results confirm some common perceptions about rural organizations involved in the social economy; but they also reveal specific peculiarities of rural charities. In addition, the results show the existing degree of diversity within rural regions, even regarding the characteristics of registered charities. The profile of rural charities in closer proximity to urban centres (i.e., strong metropolitan influenced zones) appears consistent with an image of affluence, typical of this rural space, in which charitable organizations have a less prominent role but nonetheless seem to receive more resources from the local community. In contrast, rural charities in more remote areas (i.e., moderate and weak metropolitan influenced zones) present a different profile from both urban and relatively more "affluent" rural areas.

Not surprisingly, rural charities as a whole tend to be smaller than their urban counterparts by any economic and financial measure; for instance, they typically have a smaller number of paid employees, smaller board of directors, and more volunteer directors. The number of registered charities per inhabitant increases when moving from urban to rural areas, while the economic and financial size of the charity decreases along the same scale.

Several other indicators suggest that rural charities tend to have stronger ties with their local communities in terms of program delivery. Rural charities had a slightly stronger focus on local activities relative to urban charities, although they are also slightly more likely to be governed centrally (as opposed to locally) than urban ones. Similarly, the types of fundraising activities appear also to emphasize the community ties. With respect to the focal activity of the charity, although charities established to advance religion are the most common type in both rural and urban areas, the prevalence of charities established to advance religion is particularly high in rural communities where they represent approximately half of all charities. Moreover, of all the tax receipted gifts made to rural charities, 78.1% of those gifts were received by rural religious charities.

The prevalence of funding from any level of government is similar in the budget of rural and urban charities, although the distribution of government funding tends to be concentrated in urban areas. In both rural and urban areas, charities involved in education and health care dominate both in terms of total revenue and total revenue from government sources.

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1 Introduction

The social economy has been receiving increasing attention by both academics and government institutions. This part of the economy has been referred to in the literature and in public debate with a variety of terms, such as non-profit sector, voluntary sector, or third sector. Although each term has particular connotations, all tend to encompass what Human Resources and Skills Development Canada (HRSDC) describes as "a grass-roots entrepreneurial, not-for-profit sector, based on democratic values that seek to enhance the social, economic, and environmental conditions of communities, often with a focus on their disadvantaged members" (HRSDC 2005).

This attention has been reflected in various major initiatives undertaken in recent years. In 2000, the Government of Canada launched the Voluntary Sector Initiative (Government of Canada / Voluntary Sector 2003). As part of this initiative, in 2003, the first national survey of the non-profit sector was conducted by Statistics Canada (Statistics Canada 2004). Parallel to that, a satellite account was created for non-profit institutions and volunteering within the framework of national accounts (Statistics Canada 2008a).

The research and policy attention toward the social economy are motivated by several factors. First, there is a growing recognition of the role and contribution of this sector to the Canadian economy (Statistics Canada 2004 and 2008a). In spite of definition and measurement challenges, the data initiatives have provided clear indications on the aggregate size of this part of the Canadian economy (Reed and Howe 1999; Statistics Canada 2008a). Besides a myriad of unincorporated community organizations, for which comprehensive records are not readily available, a large part of the social economy has a formal and recorded dimension. Across Canada there are about 83,000 registered charities and 81,000 non-profit organizations that file annual tax and information returns (CRA 2008).[1] The total revenue generated by this formal component of the non-profit sector was reported to be well over the $100 billion mark since 2001 (Statistics Canada 2004). The contribution to the GDP of this core part of the non-profit sector was estimated at 2.4% in 2005 (Statistics Canada 2008a). And in 2006, registered charities generated $163.1 billion in total revenues and spent $111.8 billion in carrying out their charitable programs, while accounting for approximately 2 million paid employees (CRA 2008).

A second factor that motivates this attention is an increasing understanding of the role of the social economy as an alternative form of governance that promotes civic engagement, social cohesion and social participation, which in turn have been associated with stronger communities, more desirable social outcomes and economic growth (Devlin 2000; Offord et al. 1998; Putnam 2000; Knack and Keefer 1997). Governments are increasingly turning to community-based initiatives to address local problems with local solutions (HRSDC 2005). The contribution of social enterprise has been acknowledged in many areas from the enhancement of community capacity for social support, to community revitalization, to the mobilization of disadvantaged groups (HRSDC 2005).

While this role is recognized in all contexts, its relevance is even more crucial in periods of economic restraint and restructuring, such as those faced in recent years by many rural

1. Charities only file information returns (T3010) and are exempt from filing Income Tax returns.

communities. The available evidence suggests also that there are differences between rural and urban areas with respect to the role and functioning of social enterprises. Rural residents were found to be more likely to volunteer than urban ones (Reed and Selbee 2001; Turcotte 2005). Other research has emphasized the role of social enterprises in rural development, suggesting that a vibrant social economy is a key asset for rural communities facing challenging economic conditions and an important component in their capacity to adapt and to respond to challenges (Goldenberg 2006). Other research has pointed to the potential role of the social economy in providing services that, for a variety of reasons, are no longer supplied by other public organizations (Roberts 2001), which might have specific implications and challenges for rural and sparsely populated areas.

In spite of the substantial progress made in recent years, the analysis of the spatial variation, and more so the use of social economy indicators at the community level, has been constrained by data availability. On the one hand, some of the surveys focused on individual level data and individual behavior (Reed and Selbee 2000 and 2001). On the other hand, the survey conducted on non-profit organizations was not tabulated by the size of community in which the organization operated (Statistics Canada 2004). As a result, the analyses of rural–urban variations remains limited and less is known of the spatial variation along the urban to rural gradient.[2]

The objective of this paper is to present a profile of registered charities across the rural to urban gradient. For this purpose we use the administrative database of the Canada Revenue Agency (CRA) on registered charities. Charities registered with the CRA are required to comply with the provisions of the *Income Tax Act* that apply to their registered status (Box 2).[3] For this reason registered charities must file an annual Registered Charity Information Return (T3010A). Some studies have made use of this database (see Dreessen 2002), however the potential for rural and community analysis has not yet been fully exploited. The use of administrative data presents a unique opportunity for research but at the same time presents some challenges for spatial analysis. We overcome these challenges by using a Statistics Canada application, the Postal Code Conversion File (PCCF+, Version 4H, June 2006), that allows a user to convert a variety of geo-referenced data into standard census geographies (Statistics Canada 2008b). We then aggregate the community level information using the *rural and small town* definitions of rural (Box 1). This paper also demonstrates the potential of Statistics Canada's PCCF+ application for future research in which the rural to urban gradient is an important dimension.

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2. Canada Revenue Agency (CRA) launched the Small and Rural Charities Initiative in October 2007. For this purpose, small charities were defined as registered charities with total annual revenues under $100,000. Rural charities were defined as registered charities that have a postal code where the second character is "0", the coding used by Canada Post to identify rural areas. According to the 2006–2007 registered charity information returns filed, there were 83,372 registered charities in Canada. Small charities accounted for 54% and rural charities accounted for 22% of all registered charities. In all, 14% of charities met the definitions of both small and rural charities. It should be noted that, although there is no single definition of "rural" that fits all contexts (du Plessis et al. 2001), the use of postal codes to define "rural" is subject to the continuous reclassifications of these postal codes. The conversion to urban style postal codes of areas that were previously considered rural is referred to by Canada Post as "urbanization" of the postal code; changes of this nature are made on a regular basis, and resulted in the complete "urbanization" of the postal codes of some provinces. For instance, currently New Brunswick contains urban postal codes only.
3. CRA provides tax measures that registered charities must comply with to remain registered. However, charities are within provincial regulatory jurisdiction.

2 Data source and methods

The data used in this analysis comes from an administrative database generated from information returns (Form T3010A) submitted by registered charities to the CRA. The fiscal year of reference used in this analysis is 2004. The CRA dataset was processed with the PCCF+ application of Statistics Canada for the corresponding year (Version 4H, June 2006), which is updated periodically to account for changes in the postal codes (Statistics Canada 2008b). This yielded a dataset of geo-referenced observations at the census subdivision (CSD) level.[4] In 2004, the CRA database had 78,008 registered charities on record. In total, 77,833 records of these charities, for which a current postal code was available, could be matched to a total of 5,600 CSDs across Canada, using the 2001 census geography. Hence, the database used in this analysis represents 99.8% of the registered charities existing in 2004.

It is important to emphasize that the database represents the entire population of registered charities and not a sample. Registered charities, regardless of their designation, must submit annually to the CRA an information return outlining the activities of the charity for the year. Information return data provided by these charities are available to the public and are provided by the CRA as submitted by each organization. Hence, this database provides a unique opportunity to work with micro-data for an entire population of registered charities.[5]

Box 2 reports the details on the designation of registered charities and on the difference between these and other non-profit organizations. In brief, registered charities are designated either as a charitable organization, a public foundation, or a private foundation. A charitable organization (e.g., hospital) primarily carries on its own charitable activities. A public foundation (e.g., hospital foundation) gives more than 50% of its income annually to other qualified donees, usually other registered charities. A private foundation may either carry on its own charitable activities, or it may give funds to other qualified donees, usually other registered charities. The designation is given by the CRA's Charities Directorate and is based on the charity's structure, its source of funding,[6] and its mode of operation.

4. A census subdivision (CSD) is an area that is an incorporated city, town or municipality or an area that is deemed to be equivalent to a municipality for statistical reporting purposes (e.g., as an Indian reserve or an unorganized territory). Municipal status is defined by laws in effect in each province and territory in Canada (Statistics Canada 2007).
5. Registered charities are distinguished from non-profit organizations in the *Income Tax Act*.
6. Previously, if more than 50% was contributed by a single source the designation would have been a private foundation. Now, under proposed legislation which is being applied by CRA the source must also control the charity for a designation of private foundation.

Box 1 Definition of rural used in this analysis

As discussed in Puderer (2008) and du Plessis *et al.* (2001), there are numerous possible operational definitions of urban and rural areas; the choice of the definition to be used in an analysis is largely driven by the research questions at hand. In this study, we use the *rural and small town* definition of rural, which represents the areas that are outside of the commuting zones of larger urban centres with a core population of 10,000 or more. Technically, this definition is based on the Statistical Area Classification (SAC) of Statistics Canada (Statistics Canada, 2007), which distinguishes between larger urban centres and rural and small town areas.

Larger urban centres (LUCs)

Two types of larger urban centres are incorporated in the definition of urban: (1) Census Metropolitan Areas (CMAs) have an urban core population of 100,000 or more; and (2) Census Agglomerations (CAs) have an urban core population of 10,000 to 99,999. Note: This is the definition from 2001, which we are using in this paper. In 2006, a Census Metropolitan Area (CMA) has an urban core population of 50,000 or more with a total population of 100,000 or more, and a Census Agglomeration (CA) has an urban core population of 10,000 or more with a total population of less than 100,000.

Both CMAs and CAs include the total population of neighbouring census subdivisions (CSDs), i.e., incorporated towns and municipalities, where more than 50% of the labour force commutes (i.e. a measure of social-economic integration) to the urban core of a specific CMA or CA. More details of the delineation are available from Statistics Canada (2007). The term 'Larger Urban Centres' (LUCs) refers to the combined CMAs and CAs.

Rural and small town (RST) areas refer to non-CMA/CA areas. RST areas are divided into five types of zones based on the degree of influence of LUCs (as indicated by the degree of commuting to any CMA or CA). These zones are Census **M**etropolitan and Census Agglomerated **I**nfluenced **Z**ones (MIZs) (Statistics Canada, 2007). These are defined as follows:

1. **Strong MIZ** includes CSDs with a commuting flow of 30% or more of the total employed labour force living in the CSD and working in **any** CMA/CAs' urban core;
2. **Moderate MIZ** includes CSDs with a commuting flow of between 5% and 29% of the total employed labour force living in the municipality and working in **any** CMA/CAs' urban core;
3. **Weak MIZ** includes CSDs with a commuting flow of more than 0%, but less than 5% of the total employed labour force living in the municipality and working in **any** CMA/CAs' urban core;
4. **No MIZ** includes CSDs with either fewer than 40 people in the resident labour force (where data suppression rules apply) or where no people commute to the urban core of **any** CMA or CA; and
5. **RST Territories** refers to the non-CMA/CA parts of the Yukon, the Northwest Territories and Nunavut.

The data included in the CRA's administrative database cover a variety of financial information on assets, liabilities and revenue; it categorizes the organizations according to type of activity and provides employment and membership data. In addition, the database includes the mailing address and postal code for each charity.[7] The postal codes in and of themselves are a valuable component of this administrative database that, to date, have not been fully exploited.

The Statistics Canada PCCF+ application allows users to convert postal code information attached to micro data to a variety of standard census geographies. In our case, it allowed us to geographically assign the registered charities in Canada to the census geography associated with that postal code. In rural terms, this area may be an area the size of a municipality and in urban terms it may be one side of a street within a city block. Statistics Canada's PCCF+ consists of a SAS control program and a series of reference files derived from the most recent Statistics Canada Postal Code Conversion File (PCCF) and a 2001 postal code population weight file (WCF). The program automatically assigns a full range of geographic identifiers (Census Subdivision, Statistical Area Classification Type, etc) based on postal codes.

In this specific case, the use of the PCCF+ allowed us to assign 77,833 of the existing 78,008 records to a census subdivision, which in simple terms is an incorporated city, town or municipality. In turn, census subdivisions (CSDs) are classified by Statistics Canada into Statistical Area Classification (SAC) types based on the CSDs' degree of urban influence. The SAC types correspond with the two main areas of interest – rural, composed of all rural CSDs, also defined as rural and small town (RST); and larger urban centres, composed of both the census metropolitan areas (CMAs) and Census Agglomerations (CAs). Detail on this definition can be found in Box 1.

3 Type and geographic distribution

Registered charities are widely distributed across Canada. In 2004, approximately 78,000 registered charities were distributed across 3,540 communities (out of the existing 5,600 communities) throughout all of the provinces and territories of the country. While there is a concentration of charities in urban centres, they are also found in the most northern and remote communities on Baffin Island and in the Yukon and the Northwest Territories. Moreover, when the distribution of charities is normalized by the population within each region, the results change: on a per capita basis, rural regions have a higher concentration of charities.

In 2004, just over 71% of all registered charities were located in urban communities while nearly 29% were located in rural communities (Table 1). Census Metropolitan Areas (CMAs) were home to just over 55% of charities while 16% of charities were located in Census Agglomerations (CAs). The number of charities drops off sharply as we move across the urban to rural gradient with only 5.3% of charities in the Strong Metropolitan Influence Zones (MIZ). Somewhat surprising is the proportion of charities located in both the Moderate and Weak MIZ communities with over 10% and 11% of all charities in each of these regions, respectively. The proportion of charities in No MIZ communities and in the Territories drops off substantially relative to the Weak MIZ to less than 2% and 0.1% of the total, respectively.

7. For the purpose of this analysis, we used the address corresponding to the physical location of the charity (Section II, T3010A Registered Charity Information Return).

Table 1 Distribution of charities by type of area, 2004

Type of area	Registered charities	Percent of total registered charities	Registered charities per 100,000 inhabitants (1)
	number	percent	number
Larger urban centre	**55,478**	**71.3**	**232.7**
CMA	42,942	55.2	222.5
CA	12,536	16.1	276.0
Rural and small town	**22,280**	**28.7**	**361.2**
Strong MIZ	4,079	5.3	267.5
Moderate MIZ	7,893	10.2	345.3
Weak MIZ	8,738	11.2	443.7
No MIZ	1,458	1.9	436.7
RST territories	112	0.1	204.3
All areas	**77,758**	**100.0**	**259.1**

1 The population figures used for these computations refer to total population in 2001

Note The total number of registered charities in 2004 was 78,008. The number of registered charities for which geographic coding was possible is 77,758.
MIZ = Metropolitan Influenced Zone, CMA = Census Metropolitan Area, LUC = Larger urban centre, RST = Rural and small town, CA = Census Agglomeration

Source Authors' computations based on Canada Revenue Agency 2004 data. Population figures are from the Census of Population 2001

As a result of this distribution, the number of charitable organizations per inhabitant differs substantially between urban and rural communities (Table 1). Relative to their smaller share of the total Canadian population, rural communities have a larger share of charitable organizations, 361 in rural and 233 in urban per 100,000 inhabitants. In rural areas, this share increased to 444 charities per 100,000 inhabitants in Weak MIZ areas where only 6.6% of the Canadian population resides. Conversely, for CMAs, where 64.3% of the Canadian population resides, the number of charities per 100,000 inhabitants drops to 222 (Table 1). These results confirm the findings of Statistics Canada (2004), which found that smaller provinces and territories tend to have larger numbers of organizations than do the larger ones, relative to their population.

Box 2 Definition and type of registered charities

The definition and measurement of the social economy remains challenging; various agencies have adopted different operational definitions and measurements of this universe. Statistics Canada (2008a) uses a definition of non-profit and voluntary sector which partially relies on the classification adopted by the Canada Revenue Agency (CRA 2008) and includes the registered charities of Canada. Based on the CRA definition, the voluntary sector is made up of approximately 83,000 registered charities and 81,000 non-profit organizations. In addition CRA estimates that there are some 750,000 unincorporated community organizations that are not included in the voluntary sector count provided by the CRA (CRA 2008). Detailed definitions of non-profit organizations and charities according to (CRA 2008) are provided below.

Registered charity. A registered charity means a charitable organization, public foundation, or private foundation that was established in Canada and is resident in Canada. It is operated for charitable purposes and must devote its resources to charitable activities. A registered charity has received a Registration Number from the Canada Revenue Agency and is exempt from paying income tax and can issue official donation receipts for gifts that it receives.

- **Charitable organization**. A charitable organization (such as a hospital) primarily carries on its own charitable activities. It can be a corporation, or it can be established by a constitution or a trust document. A charitable organization must have an arm's length board of directors and generally receives its funding from a variety of arm's length sources.
- **Private foundation**. A private foundation may either carry out its own charitable activities or it may give funds to other qualified donees, usually other registered charities. It must be established either as a corporation or a trust. A registered charity will be designated a private foundation if 50% or more of its directors or trustees do not deal with each other at arm's length, and/or more than 50% of the capital is contributed by a person or group of persons not dealing with each other at arm's length, if that person or group of persons also controls the charity.
- **Public foundation**. A public foundation (such as a hospital foundation) generally gives more than 50% of its income annually to other qualified donees, usually other registered charities. It must be established either as a corporation or a trust, and more than 50% of directors/trustees deal with each other at arm's length. A public foundation generally receives its funding from a variety of arm's length sources. It may carry out some of its own charitable activities.

Non-profit organization (NPO). Under the *Income Tax Act*, a non-profit organization is an association, club, or society operating exclusively for social welfare, civic improvement, pleasure, recreation, or any other purpose except profit. It can not be a non-profit organization if it is also able to qualify as a charity. One of the main differences is that it cannot issue official tax donation receipts for income tax purposes. A NPO must be both organized and operated exclusively for social welfare, civic improvement, pleasure or recreation, or for any other purpose except profit; and comply with regulations regarding the filing of form T1044 to qualify, or to continue to qualify as a not-for-profit organization under the *Income Tax Act*.

Source: Canada Revenue Agency. Charities and Giving: Dictionary.

4 Designation and activity of the charities

As defined in Box 2, registered charities are designated as a charitable organization, public foundation or private foundation. Table 2 shows the distribution of public and private foundations, and charitable organizations in larger urban centres and in rural and small town areas. The presence of charitable organizations, as a proportion of the total number of charities, is much greater in both rural areas and larger urban centres relative to charities designated as foundations. This is not too surprising, given that both private and public foundations tend to fund the activities of other charities, and their physical location does not necessarily indicate where their financial resources are spent. However, charitable organizations, which primarily carry on their own charitable activities, are more likely to have a local focus and a local impact. This suggests that location matters more for charitable organizations relative to foundations.

Table 2 Designation of registered charities, 2004

Type of area	Public foundation		Private foundation		Charitable organization		All registered charities	
	number	percent	number	percent	number	percent	number	percent
Larger urban centre	3,409	6.1	3,591	6.5	48,478	87.4	55,478	100.0
Rural and small town	869	3.9	283	1.3	21,128	94.8	22,280	100.0
All areas	4,278	5.5	3,874	5.0	69,606	89.5	77,758	100.0

Source: Authors' computations based on Canada Revenue Agency 2004 data.

The CRA also groups registered charities into 50 internally generated categories in an attempt to classify charities according to their main or stated purposes and also to gather statistics on similar types of organizations (see Appendix). These categories were summarized for this report into 10 broad categories.

Religious organizations account for 39.9% of all registered charities in Canada and have the highest presence in rural and small town areas, particularly in Strong and No MIZs (Table 3). In rural areas, charities that advance religion represent approximately half of all charitable organizations; this higher percentage in rural areas is likely due to the physical nature of these institutions. Churches and other places of worship make up the majority of organizations in the religion category and these organizations are often closely linked to a physical structure often serving a small population. People have migrated from rural to urban communities but the structures remain along with the organizations they house. The second largest group are development and housing organizations, which account for 15.8% of the total number of registered charities. This group is made up of disaster funds, temperance associations[8], welfare organizations, day care centres and food banks to name a few. Their prevalence is higher in larger urban centres (Table 3), although on a per capita basis their numbers remain higher in

8. Temperance associations are organizations established to rehabilitate persons with alcohol or drug addictions and organizations established to prevent alcohol or drug addiction.

some of the MIZ categories (for instance, 57 charities per 100,000 inhabitants in Weak MIZs compared to 37 charities per 100,000 inhabitants in CMAs).

Besides charities that advance religion, rural areas have a relatively high share of charities (compared to urban) whose primary activity is in sports and recreation (6% on average across all MIZ types but these charities represent 10.4% of all charities in No MIZ). In contrast the charities which have their primary area of activity in development and housing, education, and health are more likely to be found in larger urban centres.

Table 3 Registered charities by primary area of activity and type of area, 2004

Primary area of activity	Larger urban centre			Rural and small town						All areas
	LUC	CMA	CA	RST areas	Strong MIZ	Moderate MIZ	Weak MIZ	No MIZ	RST territories	
	percent									
Arts and culture	7.8	7.8	7.6	6.8	6.2	6.1	7.4	7.9	9.8	7.5
Charitable trusts and foundations	11.8	13.0	7.6	5.3	4.8	5.1	5.3	7.5	2.7	9.9
Community	4.6	4.2	6.2	6.1	5.8	6.4	6.2	5.8	4.5	5.1
Development and housing	16.9	16.6	17.7	13.1	12.5	14.7	13.0	6.9	13.4	15.8
Education	11.2	12.0	8.5	6.0	5.8	5.6	6.7	3.4	17.9	9.7
Health	5.1	4.9	5.8	3.3	2.5	2.9	4.1	2.6	1.8	4.6
Hospitals	0.7	0.7	0.8	0.7	0.5	0.7	0.8	0.5	0.9	0.7
Religion	36.4	35.7	38.9	48.4	51.6	47.4	47.4	51.9	42.9	39.9
Sports and recreational	2.6	2.8	3.4	6.0	5.3	5.9	5.6	10.4	2.7	3.5
NEC organizations[1]	2.9	2.7	3.6	4.3	5.1	5.2	3.5	3.0	3.6	3.3
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

1 NEC (not elsewhere classified) includes charities involved in the Preservation of Sites (Beauty and Historical), Protection of Animals, Military Units, Service Clubs and Fraternal Societies' Projects, and Miscellaneous Charitable Organizations.

Note: MIZ = Metropolitan Influenced Zone, CMA = Census Metropolitan Area, LUC = Larger urban centre, RST = Rural and small town, CA = Census Agglomeration.

Source: Authors' computations based on Canada Revenue Agency 2004 data.

Although financial characteristics are discussed in more detail in the following sections, it is interesting to compare the distribution by primary area of activity with the financial size of the charity in each major area of activity and type of region. Measured by average revenue, rural charities that advance religion are relatively small organizations (Table 4). On average these charities in No MIZ communities generate only $54,000 in total revenue annually. By contrast, even though the prevalence of charities that advance religion in CMAs is lower (about 35% of CMA charities, or 80 per 100,000 inhabitants), these organizations on average generate $374,000 in total revenue annually (Table 4). Therefore, while rural communities have many more charities that advance religion on a per capita basis, the revenue data suggests that they are smaller organizations, with approximately 14% of the annual revenue relative to urban based charities that advance religion. Similarly, revenue data indicates that the urban sports and recreation organizations, while less numerous on a per capita basis, are much larger relative to their rural counterparts. Average revenue for sports and recreation organizations ranges from $511,000 in CMA communities to $58,000 in No MIZ communities (Table 4).

Table 4 Average revenue of registered charities by primary area of activity, 2004

Primary area of activity	Larger urban centre			Rural and small town						All areas
	LUC	CMA	CA	RST areas	Strong MIZ	Moderate MIZ	Weak MIZ	No MIZ	RST territories	
	average revenue in thousands of dollars									
Arts and culture	774	859	478	124	181	103	130	41	226	606
Charitable trusts and foundations	965	1,019	650	162	251	138	146	165	151	842
Community	704	894	264	119	54	129	149	45	264	501
Development and housing	1,223	1,363	771	396	414	389	404	286	459	1,026
Education	7,465	7,750	6,074	2,784	2,346	2,943	2,938	694	5,124	6,640
Health	7,744	8,016	6,944	1,850	811	1,898	2,259	115	8,677	6,529
Hospitals	69,221	79,449	41,095	11,377	4,946	12,487	12,454	9,146	13,945	52,846
Religion	335	374	213	118	127	101	141	54	69	259
Sports and recreational	422	511	211	118	215	106	103	58	535	275
NEC organizations[1]	423	525	157	182	573	70	80	69	426	334
Total	2,279	2,481	1,588	454	364	443	546	151	1,353	1,756

1 NEC (not elsewhere classified) includes charities involved in the Preservation of Sites (Beauty and Historical), Protection of Animals, Military Units, Service Clubs and Fraternal Societies' Projects, and Miscellaneous Charitable Organizations

Note: MIZ = Metropolitan Influenced Zone, CMA = Census Metropolitan Area, LUC = Larger urban centre, RST = Rural and small town, CA = Census Agglomeration

Source: Authors' computations based on Canada Revenue Agency 2004 data

When combining the information on distribution (Table 1), primary area of activity (Table 3), and revenue (Table 4), the overall trend is that the per capita occurrence of registered charities increases when moving from urban to more rural areas, being particularly high in Weak and No MIZs. At the same time, the average revenue declines along the same gradient. A notable exception to this general trend is observed for charities located in Strong MIZs, where the occurrence per 100,000 inhabitants is the lowest amongst rural communities. Consequently, the per capita occurrence is amongst the lowest for most of the primary areas of activity. Also, average revenue suggests that, in Strong MIZs, registered charities with primary activity in the area of community, education, health and hospital are smaller than these same institutions in more rural zones. Hospitals in Strong MIZ communities are smaller, based on average revenue, than those located in No MIZ communities with $4,946,000 and $9,146,000 in average total revenue per organization, respectively.

5 Local, provincial, national and international activities and governance linkages

Charities carry on a wide range of activities, some with a wide geographic focus not restricted to the community, home province or country where they are located. Physical location does not always dictate the type or geographic range of activity. However, there may be a tendency for charities to conduct their activities locally. What characteristics are associated with the focus of a charity's activities? Do charities located in rural areas tend to have more of a local focus relative to their urban counterparts? This section profiles registered charities with regard to a set of

variables that define the geographic scope of their activities and linkages. CRA's information return for registered charities poses several direct and indirect questions related to the local or alternatively, national or international focus of a charity's activities.

Some charities are centrally governed and are subordinate to another main charity. The subordinate charity is regulated by the governing documents of a main charity (i.e., the subordinate charity has no governing documents establishing its independent existence). Overall, only a small proportion of registered charities are operating without their own governing documents (Table 5). Rural charities however, relative to their urban counterparts, have a slightly larger contingent (9.5%) that do not have governing documents establishing their independent existence and are an internal division of another charity.

Table 5 Distribution of charities which are internal divisions of other charities, 2004

Type of area	Locally governed		Centrally governed		Total	
	number	percent	number	percent	number	percent
Larger urban centre	52,051	93.8	3,427	6.2	55,478	100.0
Rural and small town	20,168	90.5	2,112	9.5	22,280	100.0
All areas	72,219	92.9	5,539	7.1	77,758	100.0

Source: Authors' computations based on Canada Revenue Agency 2004 data

Many charities are linked to and governed by a provincial, national or international organization. The data suggest a slightly lower degree of independence for rural charities relative to their urban counterparts. Table 6 shows that even though the difference is not large, rural charities are slightly more likely to be linked to a provincial, national or international organization. About 19% of urban based charities indicated that they were connected to organizations beyond their local area, and for rural based charities this figure increases slightly to about 22%.

Table 6 Distribution of charities with provincial, national, or international links, 2004

Type of area	Local links		Linked to provincial, national, or international organizations		Total	
	number	percent	number	percent	number	percent
Larger urban centre	45,013	81.1	10,465	18.9	55,478	100.0
Rural and small town	17,327	77.8	4,953	22.2	22,280	100.0
All areas	62,340	80.2	15,418	19.8	77,758	100.0

Source: Authors' computations based on Canada Revenue Agency 2004 data

Most charities carried out their programs locally as compared to provincially or territorially, or in more than one province or territory. The data suggest that rural charities tend to have a slightly more local focus relative to their urban counterparts, when it comes to program delivery. Table 7 shows that a larger proportion of charitable programs carried out in Canada (66.5%) were carried out in a single rural area, city or metropolitan area. Rural charities had a slightly greater local concentration for programs carried on in Canada, with 75% of charities focused on a single geographic area. Rural charities were somewhat less active at the provincial or territorial level with only 10% offering programs at this level relative to urban charities (15.6%). A small proportion of charities carried on their Canadian programs beyond the provincial or territorial level, almost 5% for rural based charities and about 10% for urban. These results are consistent with the findings of previous research; for example, Statistics Canada (2004) reported that 63.7% of an organization's main geographic area served was the neighbourhood, city, town and/or rural municipality. Finally, some charities carry on programs directly or indirectly outside of Canada. Table 7 shows that rural charities are slightly more focused on Canadian versus international programs relative to their urban counterparts. Just over 15% of all charities had programs outside of Canada while only 13.8% of rural charities had international programs; for urban charities this figure was 15.7%.

Table 7 Number of charities by the geographic scope of their charitable programs, 2004

Type of area	Single rural area, city, or metropolitan area		Provincially or territorially		More than one province or territory		Outside of Canada	
	number	percent	number	percent	number	percent	number	percent
Larger urban centre	35,018	63.1	8,663	15.6	5,620	10.1	8,736	15.7
Rural and small town	16,709	75.0	2,218	10.0	1,038	4.7	3,065	13.8
All areas	51,727	66.5	10,881	14.0	6,658	8.6	11,801	15.2

Note: Since there are charities that carry on programs within Canada as well as outside of Canada percentages add to more than 100.
Source: Authors' computations based on Canada Revenue Agency 2004 data

We turn again to some financial indicators to explore linkages between location and different levels of government (Table 8) and the geographic scope of expenditures (Table 9). Finance indicators are discussed in more detail in the following sections. Table 8 shows the contribution to the charities' revenue by level of government. In terms of the proportion of funding received from different levels of government, rural charities are similar to their urban counterparts. Hence, this would suggest that in terms of the relative importance of government linkages, as measured by the degree of funding from government sources, rural charities have a similar profile than urban charities. However, as discussed in the following sections, the overall source of funding presents some difference between rural and urban areas.

Both rural and urban charities obtained about 4% of their 2004 revenue from the federal government (Table 8). Revenue from the provincial level, while substantial in terms of the total

amount, also varied little between rural and urban, in terms of the share of total revenue: 58.4% of revenue for urban charities and nearly 57% of the total revenue in 2004 for rural charities. Similarly, revenue from the municipal level made up nearly equal proportions of total revenue for rural (5.6%) and urban (5.5%) charities.

Table 8 Contribution to revenue by level of government, 2004

Type of area	Federal		Provincial/Territorial		Municipal		All governments	
	million $	Percent of total funding	million $	Percent of total funding	million $	Percent of total funding	million $	Percent of total funding
Larger urban centre	4,913	4.1	73,809	58.4	6,916	5.5	85,639	67.7
Rural and small town	412	3.9	5,759	56.9	562	5.6	6,733	66.5
All areas	5,326	3.9	79,569	58.3	7,478	5.5	92,373	67.7

Source: Authors' computations based on Canada Revenue Agency 2004 data.

A final indicator to assess the degree of "localization" versus "internationalization" of the activities of the charity is the geographic allocation of the expenditures. The question addressed by CRA is "What were the total expenditures on programs outside Canada during the fiscal period, excluding gifts to qualified donees?" Table 9 shows the expenditures for charities that indicated they had program expenditures outside Canada. The data show that rural charities had a slightly greater focus on local activities, relative to urban charities, spending 0.5% of their total expenditures internationally. Urban charities had a slightly greater focus beyond Canada's border, spending about 1.5% of their total expenditures internationally. Moreover, only 3.1% of rural based charities had international expenditures while for urban based charities this figure was 6.4%.

When examined across the MIZ categories, expenditures outside Canada vary substantially both in absolute terms and as a proportion of total expenditure. Charities with expenditures outside Canada located in CMA communities had the greatest proportion of program expenditures outside Canada at 1.7% of total expenditures, or $1.8 billion. Charities in Weak MIZ areas spent over $19.8 million on programs outside Canada but this represented just 0.4% of their total expenditures, while among the different types of MIZs, Strong MIZs are the one that spent the largest proportion of their total expenditures on programs outside Canada (1.1%). Surprisingly given the total expenditures relative to the other MIZ categories, charities in CAs spent about 0.2% of their total expenditures on international programs.

Table 9 Expenditures outside Canada by type of area, 2004

Type of area	Total expenditures	International expenditures		Charities with international expenditures	
	million $	million $	percent	number	percent
Larger urban centre	**122,695.9**	**1,803.1**	**1.5**	**3,541**	**6.4**
CMA	103,074.3	1,765.0	1.7	3,062	7.1
CA	19,621.6	38.1	0.2	479	3.8
Rural and small town	**9,819.8**	**45.3**	**0.5**	**693**	**3.1**
Strong MIZ	1,472.4	16.0	1.1	161	3.9
Moderate MIZ	3,371.5	9.0	0.3	218	2.8
Weak MIZ	4,627.2	19.8	0.4	234	2.7
No MIZ	203.5	0.5	0.2	26	1.8
RST territories	145.2	0.0	0.0	0	0.0
All areas	**132,515.7**	**1,848.4**	**1.4**	**4,234**	**5.4**

Note: MIZ = Metropolitan Influenced Zone, CMA = Census Metropolitan Area, LUC = Larger urban centre, RST = Rural and small town, CA = Census Agglomeration
Source: Authors' computations based on Canada Revenue Agency 2004 data

6 Employment and employees

Charity and volunteering are terms common to most discussions and research of social enterprises. It is a common perception that charities, as one example of a social enterprise, operate entirely on the efforts of volunteers without enlisting any part-time or full-time staff. Social enterprises, however, include large institutions with multimillion dollar budgets that need the full-time commitment of, in some cases, thousands of professionals including doctors, nurses, educators, fundraisers and administrators. Still, there are many charities that operate entirely with volunteers to administer their affairs. Many variations of these two extremes also exist where charities rely on both paid staff and volunteers.

Another common perception that goes hand in hand with a rural lifestyle is that rural residents are more likely to volunteer relative to their urban counterparts. Reed and Selbee (2000) found evidence to support this perception based on 1987 and 1997 data, and their findings indicate that formal and informal helping is inversely related to community size. In other words, as community size increases, across the rural to urban gradient, the level of helping decreases. How well do these perceptions correspond to what registered charities reported in their information returns to the CRA?

Table 10 Distribution of employment by type of area, 2004

Type of area	Permanent, full-time compensated employees		Part-time, or part-year employees	
	number	percent	number	percent
Larger urban centre	**1,054,075**	**89.5**	**1,020,677**	**88.0**
CMA	868,166	73.7	839,261	72.4
CA	185,909	15.8	181,416	15.6
Rural and small town	**123,278**	**10.5**	**139,080**	**12.0**
Strong MIZ	13,064	1.1	13,240	1.1
Moderate MIZ	38,821	3.3	67,087	5.8
Weak MIZ	67,881	5.8	55,118	4.8
No MIZ	2,326	0.2	2,566	0.2
RST territories	1,186	0.1	1,069	0.1
All areas	**1,177,353**	**100.0**	**1,159,757**	**100.0**

Note: MIZ = Metropolitan Influenced Zone, CMA = Census Metropolitan Area, LUC = Larger urban centre, RST = Rural and small town, CA = Census Agglomeration

Source: Authors' computations based on Canada Revenue Agency 2004 data

Table 10 shows the number and distribution of permanent full-time and part-time or part-year employees with registered charities in 2004. Registered charities had approximately 1.2 million permanent full-time compensated employees. Rural charities, while accounting for approximately 29% of the organizations (Table 1), had only 10% or 123,278 permanent full-time compensated employees. Urban charities accounted for 71% of the organizations (Table 1) but had over one million permanent full-time compensated employees or 90% of the total. Hence, in terms of the number of permanent full-time compensated employees, rural charities were much smaller organizations with 5.5 employees, on average, compared to urban charities with an average of 19 employees.

Registered charities also rely on part-time or part-year employees and somewhat surprisingly, in almost equal number to permanent full-time compensated employees (Table 10). The part-time or part-year employee split between rural and urban is similar to the split for full-time employees. Within the total part-time or part-year charity work force, rural areas account for 12% and urban centres 88%. The one exception to the nearly equal ratio of permanent to part-time employees is charities based in Moderate MIZ communities. These rural charities have a greater reliance on part-time employees relative to charities in other MIZ categories with nearly 62% of the total employees designated as part-time or part-year (67,087 out of 105,908).

Table 11 shows the number and proportion of charities with permanent full-time compensated employees and with part-time or part-year employees. It also shows the number and proportion of charities that reported no paid employees meaning that these charities conducted their activities with the assistance of volunteers only. Interestingly, the percent of charities with no paid employees is similar (at around 40%) in all type of areas.

Table 11 Charities reporting employment by type of area, 2004

Type of area	Reporting full-time paid employees		Reporting part-time paid employees		Reporting no paid employees	
	number	percent	number	percent	number	percent
Larger urban centre	**27,074**	**48.8**	**23,772**	**42.8**	**23,379**	**42.1**
CMA	20,765	48.4	17,986	41.9	18,484	43.0
CA	6,309	50.3	5,786	46.2	4,895	39.0
Rural and small town	**9,523**	**42.7**	**9,131**	**41.0**	**9,353**	**42.0**
Strong MIZ	1,813	44.4	1,769	43.4	1,612	39.5
Moderate MIZ	3,504	44.4	3,359	42.6	3,152	39.9
Weak MIZ	3,667	42.0	3,462	39.6	3,838	43.9
No MIZ	478	32.8	494	33.9	711	48.8
RST territories	61	54.5	47	42.0	40	35.7
All areas	**36,597**	**47.1**	**32,903**	**42.3**	**32,732**	**42.1**

Note: The row proportions do not total 100 as some charities have both full-time and part-time employees.
MIZ = Metropolitan Influenced Zone, CMA = Census Metropolitan Area, LUC = Larger urban centre, RST = Rural and small town, CA = Census Agglomeration
Source: Authors' computations based on Canada Revenue Agency 2004 data.

On an overall rural to urban basis, a smaller proportion of rural charities (42.7%), relative to urban charities (48.8%), had full-time employees. In 2004, charities based in No MIZ communities, had the smallest proportion with full-time employees at 32.8%. However, as a group, charities based in the RST Territories had the highest reliance on full-time employees at 54.5%.

Part-time employees were also important to all charities across the rural to urban gradient. There were, however, a smaller proportion of charities that reported using part-time employees, relative to the use of full-time employees. Although there is no indication of the actual hours of work for part-time employee, this result is in line with the slightly smaller number of total part-time employees (Table 10), suggesting that on average there is slightly less reliance on part-time staff than on full-time staff. One exception to this occurs amongst charities based in No MIZ communities where 32.8% had full-time employees while 33.9% had part-time employees. In contrast, CA communities had the highest proportion of charities reporting part-time employees (46.2%), relative to all the other types of area. Across the rural to urban gradient though, there are only minor differences in the proportions of charities that employed part-time employees.

The data show that there were a substantial number of charities that reported having no full-time or part-time employees; that is volunteers were responsible for all of the duties of running the charity. This was substantiated in Statistics Canada (2004) where it was reported that "although registered charities represent only 56% of organizations, they account for 71% of all volunteers and 67% of total volunteer hours" (Statistics Canada 2004:33). According to the data submitted to the CRA, 48.8% of charities based in No MIZ communities had no paid employees, the

highest across the rural to urban gradient. Conversely, only 43% of charities based in CMA communities and 39% of charities based in CA communities had no paid employees. RST Territories had the smallest share of no paid employees. Despite this range in values, on an overall rural to urban basis the number of charities reported having no paid employees was nearly equal in both rural and urban (42.0% and 42.1%).

Charities, like other public corporations are structured with a board of directors that manage the overall direction of the organization. As a rule the members of the board do not get involved in the day to day operations, a role that may be assigned to an operations manager, for example. Roles and responsibilities, however, are not always clearly defined and even when they are, motivated individuals and/or necessity will blur lines of responsibility in order that the organization continues functioning. Are there notable differences across the rural to urban gradient in terms of the number of directors and trustees, compensation for these individuals and how these relate to other employment characteristics?

In 2004, the nearly 78,000 registered charities reported having a total of 554,324 directors and trustees on their boards or an average of about seven per organization. The titles assigned to these positions are varied and include some of the more traditional positions like director, president, vice-president, trustee and secretary, and also some that are specific to the type of institution such as rector, warden, board deacon, vestry member, pastor, member of session, elder and presiding overseer to name a few. It is evident that in some cases the individual would assume more than one role, as board member and pastor for example.

Table 12 shows the number of directors and trustees and the proportion of these organizations that provide compensation to these individuals. The data show that as we move across the rural to urban gradient there is a tendency for charities to appoint a larger board of directors from an average of 3.4 in No MIZ communities to roughly 7.4 in CMA and CA communities. However, the average of the charities in rural communities is less striking with 6.9 directors compared to those in urban communities, averaging 7.4 directors.

Charities that have full and/or part-time staff are much more likely to compensate their directors and trustees (Table 12). The CRA takes the position that directors and trustees may be compensated for services that they perform on behalf of their charity provided that the payments are reasonable under the circumstances and are not simply for holding the title of director or trustee. Approximately 8% of all charities compensate their directors and trustees; however when charities with full and part-time staff are examined this figure increases to 12% in Strong MIZ and to 24% in the RST Territories. By contrast, of the charities that do not have full or part-time staff, generally only 2% compensated their directors or trustees in all area categories. Across the rural to urban gradient, the only significant deviation from the average for rural or urban based charities occurs in No MIZ communities and in communities located in the RST Territories. Most notably, charities based in No MIZ communities had on average fewer directors or trustees, and a substantially greater proportion of charities based in the RST Territories compensated their board of directors.

Table 12 Directors and/or trustees by type of area, 2004

Type of area	Average total number of directors/trustees per organization	Charities that compensated directors/trustees		
		All registered charities	With full or part-time staff	No full or part-time staff
	unit	percent		
Larger urban centre	**7.4**	**7.6**	**11.5**	**2.3**
CMA	7.4	7.6	12.6	2.3
CA	7.4	7.6	11.0	2.3
Rural and small town	**6.9**	**7.3**	**11.0**	**2.2**
Strong MIZ	7.0	7.8	11.6	1.9
Moderate MIZ	7.0	7.3	10.5	2.4
Weak MIZ	6.8	7.3	11.4	2.0
No MIZ	3.4	5.6	8.4	3.5
RST territories	6.4	17.0	23.6	5.0
All areas	**7.1**	**7.5**	**11.3**	**2.2**

Note: MIZ = Metropolitan Influenced Zone, CMA = Census Metropolitan Area, LUC = Larger urban centre, RST = Rural and small town, CA = Census Agglomeration.
Source: Authors' computations based on Canada Revenue Agency 2004 data.

Table 13 shows the number of directors/trustees and the proportion of charities that compensated their directors/trustees, by type of area. In 2004, approximately 40,958 (7.4%) directors/trustees, of the total 554,324, were associated with charities that compensated their directors/trustees[9]. This means that the vast majority of director/trustees received no compensation. In total, 513,366 individuals volunteered as directors/trustees for charities, 373,363 in urban and 140,003 in rural based charities. Put another way, 1.7% of the Canadian population volunteered as directors/trustees for a registered charity, however this corresponds to 1.6% of the urban population and 2.3% of the rural population.

9. Due to the wording of the question on the Registered Charity Information Return about compensation for directors/trustees, it is only certain that the charity compensated at least one of these individuals.

Table 13 Distribution of charities that compensated directors and/or trustees by type of area, 2004

Type of area	Total number of directors/trustees		With compensation		Without compensation	
	unit	percent	unit	percent	unit	percent
Larger urban centre	**403,367**	72.8	**30,004**	73.3	**373,363**	72.7
CMA	311,651	56.2	23,228	56.7	288,423	56.2
CA	91,716	16.5	6,776	16.5	84,940	16.5
Rural and small town	**150,957**	27.2	**10,954**	26.7	**140,003**	27.3
Strong MIZ	28,338	5.1	2,174	5.3	26,164	5.1
Moderate MIZ	54,296	9.8	3,687	9.0	50,609	9.9
Weak MIZ	58,444	10.5	4,463	10.9	53,981	10.5
No MIZ	9,168	1.7	519	1.3	8,649	1.7
RST territories	711	0.1	111	0.3	600	0.1
All areas	**554,324**	**100.0**	**40,958**	**100.0**	**513,366**	**100.0**

Note: Due to the wording of the question on the Registered Charity Information Return about compensation for directors/trustees, it is only certain that the charity compensated at least one of these individuals.
MIZ = Metropolitan Influenced Zone, CMA = Census Metropolitan Area, LUC = Larger urban centre, RST = Rural and small Town, and CA = Census Agglomeration.
Source: Authors' computations based on Canada Revenue Agency 2004 data.

7 Finances and funding

In the previous sections we have already made reference to some financial indicators, in this section we extend this analysis by providing more details on assets, liabilities, source of revenue and expenditures. Charities report on a wide range of financial data, which provide substantial insight into their financial activities and status across the rural to urban gradient. As was previously indicated, urban based charities make up just over 71% of the total number of organizations (Table 1). Therefore, any analysis of financial information, comparing rural to urban, conducted in absolute terms would not yield comparable results. In this section, we use averages in order to normalize for the significant difference in the number of organizations in the various types of areas.

Table 14 shows the average total assets, liabilities, revenue and expenditures for charities across the rural to urban gradient. The overall trend is an increase in all of these measures when moving along the rural to urban gradient. Charities in the RST Territories, however, do not fit this trend in the gradient; their average total assets and liabilities are slightly above the rural average. As well their average total revenues and expenditures are closer to the level of charities in CAs, well above the rural average.

Table 14 Major financial indicators of registered charities by type of area, 2004

Type of area	Average total assets	Average total liabilities	Average total revenue	Average total expenditure
	thousand dollars			
Larger urban centre	**2,825**	**1,496**	**2,279**	**2,212**
CMA	3,117	1,632	2,481	2,400
CA	1,824	1,032	1,588	1,565
Rural and small town	**633**	**247**	454	441
Strong MIZ	529	186	364	361
Moderate MIZ	593	235	443	427
Weak MIZ	773	310	546	530
No MIZ	296	98	151	140
RST territories	763	283	1,353	1,297
All areas	**2,197**	**1,138**	**1,756**	**1,704**

Note: MIZ = Metropolitan Influenced Zone, CMA = Census Metropolitan Area, LUC = Larger urban centre, RST = Rural and small town, and CA = Census Agglomeration.
Source: Authors' computations based on Canada Revenue Agency 2004 data.

In terms of assets, urban charities are substantially larger or work on a larger scale relative to rural charities, with the average total assets of an urban charity nearly five times that of a rural charity. When the data are examined by individual charity, it is apparent that universities and hospitals top the list in terms of the value of their assets. Considering that the largest of these institutions are normally located in urban centres, the results shown in Table 14 are not surprising and help to explain the contrast in the per capita number of charities amongst types of areas. For example, each small(er) rural community would be expected to have one or more churches with smaller congregations and thus more churches per capita. At the other end of the spectrum, larger urban centres would be expected to have larger congregations and thus we find fewer churches per capita.

The data on liabilities show a similar pattern to assets across the geographic gradient, with charities in urban communities carrying a substantially higher level of debt relative to charities in rural communities (Table 14). The ratio of assets to liabilities, however, appears to be more favourable for rural charities: the average assets of rural charities are 2.5 times their liability, while the average assets of urban charities are only 1.9 times that of their liability.

Similarly to assets and liabilities, the average total revenue and expenditure show a major divide between rural and urban areas (Table 14). In spite of some regional variation, rural areas present substantially lower levels of average revenue and average expenditures, compared to urban areas. The exception, however, is the RST Territories where charities exhibit levels of average total revenue and expenditure more similar to charities in CAs than those in rural communities.

Finally, it should be noted that average total revenues exceeds average total expenditures in each regional category.

Table 15 shows the proportion of charities by asset categories across the rural to urban gradient. For each type of area except No MIZ, $100,000 in total assets splits the number of charities approximately in half. In 2004, approximately 52% of Canadian charities had less than $100,000 in total assets while the remaining 48% had assets from $100,000 and higher. CMAs had the largest proportion of charities (19.2%) with total assets $1 million and over. By contrast this asset category ($1 million and over) has the smallest proportion of rural charities in each of the rural MIZ categories, with a low of 3.6% in No MIZ areas (Table 15). The largest proportion of charities in Moderate, Weak, and No MIZ communities were in the "$25,000 to $99,999" asset category. The "$250,000 to $999,999" asset category was relatively more prominent in the RST Territories, in CAs and in Strong MIZ communities.

Table 16 shows the number of charities by total liabilities across the rural to urban gradient. The data show that in 2004, most charities had very few liabilities. Of particular note, is that 70.8% of rural charities had less than $5,000 in total liabilities and 56.4% had no liabilities. Urban based charities, on average, faced greater liability exposure with smaller proportions in these two categories: 53.3% had less than $5,000 and 37.4% had no liabilities.

Table 15 Distribution of charities by total assets category within each type of area, 2004

Type of area	Less than $5,000	$5,000 to $24,999	$25,000 to $99,999	$100,000 to $249,999	$250,000 to $999,999	$1 million and over	Total
	percent distribution						
Larger urban centre	**15.4**	**15.5**	**18.5**	**13.0**	**19.3**	**18.3**	**100.0**
CMA	15.7	15.5	18.3	12.7	18.8	19.2	100.0
CA	14.6	15.9	19.5	14.1	21.0	15.0	100.0
Rural and small town	**15.5**	**18.8**	**21.6**	**16.0**	**19.4**	**8.7**	**100.0**
Strong MIZ	15.5	18.3	20.2	15.0	21.4	9.6	100.0
Moderate MIZ	16.3	18.0	21.4	16.2	19.5	8.7	100.0
Weak MIZ	14.4	18.9	22.0	16.3	19.1	9.2	100.0
No MIZ	17.3	23.9	24.6	16.5	14.2	3.6	100.0
RST territories	13.4	16.1	20.5	15.2	23.2	11.6	100.0
All areas	**15.4**	**16.4**	**19.4**	**13.9**	**19.3**	**15.6**	**100.0**

Note: MIZ = Metropolitan Influenced Zone, CMA = Census Metropolitan Area, LUC = Larger urban centre, RST = Rural and small town, and CA = Census Agglomeration

Source: Authors' computations based on Canada Revenue Agency 2004 data

Table 16 Distribution of charities by total liability category and type of area, 2004

Type of area	No liabilities	$1 to $4999	$5,000 to $24,999	$25,000 to $99,999	$100,000 and over	Total
	percent distribution					
Larger urban centre	**37.4**	**15.9**	**12.9**	**12.4**	**21.5**	**100.0**
CMA	36.1	15.9	13.0	12.5	22.4	100.0
CA	41.5	15.7	12.5	11.7	18.6	100.0
Rural and small town	**56.4**	**14.4**	**10.1**	**8.8**	**10.3**	**100.0**
Strong MIZ	54.6	15.0	10.3	9.0	11.1	100.0
Moderate MIZ	55.9	14.2	10.5	9.0	10.4	100.0
Weak MIZ	55.4	14.9	9.9	9.0	10.8	100.0
No MIZ	71.1	11.0	8.8	4.9	4.0	100.0
RST territories	43.8	17.0	7.1	14.3	17.9	100.0
All areas	**42.7**	**15.4**	**12.1**	**11.3**	**18.4**	**100.0**

Note: MIZ = Metropolitan Influenced Zone, CMA = Census Metropolitan Area, LUC = Larger urban centre, RST = Rural and small town, and CA = Census Agglomeration.
Source: Authors' computations based on Canada Revenue Agency 2004 data.

Registered charities generated just over $136.5 billion in total revenue in 2004. Rural charities accounted for 7.4% or $10.0 billion of this revenue. The majority of this total revenue came from provincial and territorial government sources, 56.9% of total revenue for rural and 58.4% for urban charities (Table 8). Funding from all three levels of government (federal, provincial/territorial, and municipal) accounted for about 65% of the total revenue raised in 2004 for both rural and urban charities (Table 17).

Registered charities are engaged in a wide array of activities, and therefore it is not unexpected that their fundraising activities should vary in terms of their sources and also their size. Charities involved in education and health care dominate in terms of both total revenue and revenue sourced from the government. In 2004, rural charities involved in health received 38.9% of government rural charity funding ($2.6 billion), while those involved in education received 45.2% ($2.9 billion) of government funding. Combined, this was 84.1% of all government funding provided to rural charities. The remaining 15.9% ($1.0 billion) of government rural charity funding goes to all other rural charities. These government rural funding allocations are similar for urban charities.

In terms of the various types of rural charities, those involved in religious activities are the most distinguishable from their urban counterparts. Religious charities in rural Canada, for example, accounted for 78.1% of total tax receipted gifts made by Canadians to rural charities. Their urban counterparts garnered only 34.8% of total tax receipted gifts made to urban charities. The primary source of revenue for religious charities in rural Canada was tax receipted gifts which accounted for 70% of their total revenue, ahead of gifts from other registered charities (4%), other gifts (6%) and government funding (2%).[10] Urban religious charities received only 48% of their revenue from tax receipted gifts and were more reliant on gifts received from other registered charities.[11] These results suggest that rural religious charities are not as well connected to foundations and other related umbrella organizations that raise funds for other registered charities, and are more self reliant when generating revenue or are more dependent on their membership for funding.

Table 17 shows the proportion of revenue received from various sources by registered charities across the rural to urban gradient.[12] In 2004, charities across the rural to urban gradient had a significant reliance on revenue from government sources of funding. The most extreme example is charities in the RST Territories that relied on government sources for 82% of their total revenue. At the other end of the spectrum were charities based in Strong MIZ communities that received about 50% of their total revenue from government sources.

10. The categories available to charities reporting their revenue sources include Total tax-receipted gifts, Total gifts received from other registered charities, Total other gifts, Revenue from federal government, Revenue from provincial/territorial governments, Revenue from municipal/regional governments, Interest and investment income, Proceeds from disposition of assets, Rental income (land and buildings), Memberships, dues, and association fees (non tax-receipted), Total revenue from fundraising, Total revenue from sale of goods and services (except to government), Other revenue.
11. These figures are not presented in any table in this document.
12. For a complete list of all the categories of revenue recorded refer to the CRA's Registered Charity Information Return Form, T3010A.

Table 17 Distribution of revenue by type of area, 2004

Type of area	Gifts and fundraising (1)	Government funding (2)	Other sources (3)	Total
	percent distribution			
Larger urban centre	**12.9**	**65.5**	**21.6**	**100.0**
CMA	13.9	63.7	22.4	100.0
CA	7.4	75.0	17.7	100.0
Rural and small town	**15.8**	**65.1**	**19.1**	**100.0**
Strong MIZ	28.7	50.2	21.1	100.0
Moderate MIZ	12.8	66.7	20.5	100.0
Weak MIZ	14.0	68.3	17.7	100.0
No MIZ	26.2	56.8	17.0	100.0
RST territories	3.0	82.0	15.0	100.0
All areas	**13.1**	**65.5**	**21.4**	**100.0**

Note: (1) Includes Tax-receipted gifts, Gifts from other registered charities, Total other gifts, and Total revenue from fundraising. (2) Includes Revenue from federal government, Revenue from provincial/territorial governments, Revenue from municipal/regional governments. (3) Includes Interest and investment income, Proceeds from disposition of assets, Rental income (land and buildings), Memberships, dues, and association fees (non tax-receipted), Total revenue from sale of goods and services (except to government), and Other revenue.

MIZ = Metropolitan Influenced Zone, CMA = Census Metropolitan Area, LUC = Large urban centre, RST = Rural and small town, CA = Census Agglomeration

Source: Authors' computations based on Canada Revenue Agency 2004 data

Gifts, from tax-receipted gifts and from other sources, together with fundraising also made up a substantial proportion of the revenue received by charities.[13] Most notably, charities based in Strong MIZ and No MIZ communities relied on gifts and fundraising for 28.7% and 26.2%, respectively, of total revenue (Table 17). In contrast, charities based in CA communities and the Territories obtained only 7.4% and 3% respectively, of their total revenue from gifts and fundraising. Information on the percent of charities using each type of fundraising method is provided in Section 8 below.

Table 18 shows the distribution of funding from each level of government to charities across the urban to rural gradient. Charities based in CMAs received a significant proportion of government funding relative to charities based in the other MIZ categories. More specifically, charities based in CMAs received about 84% of the federal ($4.5 billion), 75% of provincial ($59.3 billion) and 80% of municipal ($6.0 billion) funding given to charities. In contrast, charities in rural and

13. Revenue from gifts and fundraising are separate revenue sources on CRA's Registered Charity Information Return Form, T3010A. However, in the actual implementation of a charity's fundraising campaigns the two are often intertwined, with fundraising events that normally lead to tax receipted gifts and other gifts. This may also explain why revenue generated from fundraising activities represented only a small proportion of the total revenue generated, as reported on the T3010A form. Across the rural to urban gradient only charities located in Strong MIZ and No MIZ communities generated slightly more that 1% of their total revenue from fundraising activities. Hence, for analytical purposes and given the way the information is reported on the T3010A form, it appears appropriate to consider gifts and fundraising as a single category.

small town areas received all together about 7% of funding from each level of government, with each type of rural area receiving less than 4% of total funding from any level of government. This contrast is largely due to the size and type of charities located in urban versus rural communities.

Table 18 Distribution of contributions from government to charities, 2004

Type of area	Federal	Provincial/Territorial	Municipal
	percent distribution		
Larger urban centre	**92.3**	**92.8**	**92.5**
CMA	83.7	74.6	80.4
CA	8.5	18.1	12.1
Rural and small town	7.7	7.2	7.5
Strong MIZ	0.7	0.8	1.0
Moderate MIZ	3.7	2.5	3.2
Weak MIZ	3.2	3.6	3.1
No MIZ	0.2	0.1	0.1
RST territories	0.1	0.2	0.2
All areas	**100.0**	**100.0**	**100.0**

Note: MIZ = Metropolitan Influenced Zone, CMA = Census Metropolitan Area, LUC = Larger urban centre, RST = Rural and small town, CA = Census Agglomeration

Source: Author's computations based on Canada Revenue Agency 2004 data

Canada's large universities, hospitals and other health care facilities are mainly located in CMAs and CAs. Many of these large institutions are incorporated as registered charities. In 2004, the charities from these three categories which were located in CMA and CA communities garnered 80% of contributions made by all three levels of government to all registered charities. As shown in Table 17, rural charities also had a significant reliance on government funding as a proportion of their total revenue. However, as shown in Table 18, government funding that flowed to the urban based charities greatly overwhelmed the amounts received by charities based in rural communities.

Registered charities have many of the same types of expenditures that are common to other enterprises, from manufacturing to the service sector. For example, salaries, education and training, interest and bank charges, advertising and promotion are all fairly common expenditures for an organization. Expenditures specific to charities and social enterprises and not common to other types of organizations include charitable program expenditures, education and training for volunteers, and fundraising expenditures to name a few. Expenditure data from charities is of value beyond its accounting applications since it can give an indication of how well the organization, or group of organizations, applies its revenues towards its stated purpose. Charities have charitable programs and also make donations to charitable causes. In some cases

charities support other charities through gifts and donations, an expenditure item on the annual information return labelled "Total gifts to qualified donees".

In this section, we look specifically at two indicators; first, we consider both the charitable program expenditures and the total expenditures on gifts to qualified donees, relative to total expenditures. Second, we evaluate the direction in which these gifts to qualified donees flowed, that is, from one geographic area to any other area type.

Table 19 shows both the proportion of total expenditures that were made towards charitable programs and the gifts to qualified donees, by type of area. In 2004, charities based in Strong MIZs attributed nearly 74% of their expenditures to charitable programs, the largest share, closely followed by the share of expenditures to charitable programs made by charities in CAs (73%). In contrast, charities based in the RST Territories attributed just over 50% of their expenditures to charitable programs, the smallest proportion relative to all other MIZ categories. Another category of expenditures related to the overall purpose of charities is gifts to qualified donees. In 2004, gifts to qualified donees as a proportion of total expenditures, ranged from 1% of total expenditures for charities based in the RST Territories to just over 4% for charities based in Weak MIZ communities[14].

Table 20 shows the flow of gifts to qualified donees that are from a charity in one type of geographic area to another charity in another geographic area[15]. There was a strong tendency for charities to choose qualified donees in their same type of region, that is, the source and destination for gifts between charities and qualified donees was the same. This is seen in both urban centres, CMAs, and CAs and in Strong MIZ and RST Territories. Qualified donee charities located in CMAs were the destination for most of the gifts from Moderate, Weak and No MIZ. Interestingly, the flow of gifts from charities and qualified donees was primarily from rural to urban areas, although this is less the case in Strong MIZ.

14. For a complete list of all the expenditure categories refer to the CRA's Registered Charity Information Return Form, T3010A.

15. These data were calculated from responses to Question C11 on the Registered Charities Information Return, which asks if the reporting charity made a gift to a qualified donee that they attach a list with the name of each qualified donee including its BN/registration number and the total amount of the gift. Only 66% of the total amount reported as gifts by charities (source) could be cross referenced to the qualified donees (destination). Approximately 50,000 of the total 135,000 entries in this list did not have a usable BN/registration number for the qualified donee (destination). It is assumed that the 85,000 qualified donees that were usable are a representative sample of the population.

Table 19 Distribution of charitable expenditures by type of area, 2004

Type of area	Charitable program expenditures	Gifts to qualified donees	Other expenditure	Total
	percent			
Larger urban centre	**68.6**	**3.4**	**28.0**	**100.0**
CMA	67.8	3.6	28.6	100.0
CA	73.0	2.2	24.8	100.0
Rural and small town	**66.5**	**3.0**	**30.5**	**100.0**
Strong MIZ	73.7	3.3	23.0	100.0
Moderate MIZ	70.2	1.6	28.2	100.0
Weak MIZ	62.5	4.1	33.4	100.0
No MIZ	52.3	3.6	44.1	100.0
RST territories	50.7	1.0	48.3	100.0
All areas	**68.5**	**3.4**	**28.1**	**100.0**

Note MIZ = Metropolitan Influenced Zone, CMA = Census Metropolitan Area, LUC = Larger urban centre, RST = Rural and small town, CA = Census Agglomeration
Source Authors' computations based on Canada Revenue Agency 2004 data

Table 20 Source and destination of gifts to qualified donees, 2004

	Destination (to)							
Source (from)	**CMA**	**CA**	**Strong MIZ**	**Moderate MIZ**	**Weak MIZ**	**No MIZ**	**RST territories**	**Total**
	percent distribution							
CMA	**96.0**	2.2	0.7	0.6	0.5	0.0	0.0	100.0
CA	29.2	**67.3**	1.2	1.3	0.9	0.0	0.0	100.0
Strong MIZ	9.7	0.9	**88.9**	0.4	0.1	0.0	0.0	100.0
Moderate MIZ	41.2	12.4	2.2	**39.3**	4.9	0.1	0.0	100.0
Weak MIZ	60.5	7.4	0.7	5.6	**25.4**	0.4	0.0	100.0
No MIZ	63.0	19.6	0.8	2.6	9.0	**5.1**	0.0	100.0
RST territories	25.8	16	8.8	0.4	11.1	0 0	**37.9**	100.0

Note MIZ = Metropolitan Influenced Zone, CMA = Census Metropolitan Area, CA = Census Agglomeration
Source Authors' computations based on Canada Revenue Agency 2004 data

8 Fundraising activities

Registered charities generate revenue from a variety of sources, such as tax-receipted gifts, revenue from government, and rental income, but of all the revenue sources, fundraising is the activity that is generally perceived to create the most interaction between the charity and the community at large. It is also a common perception that there are few other charitable activities that may mobilise large groups in support of a common cause like fundraising events. As mentioned in the previous section, the revenue reported as fundraising in the Registered Charity Information Return form represents a modest contribution to the total revenue of charities. In 2004, revenue recorded as fundraising for tax purposes represented $1.7 billion, which is only about 1% of the total revenue reported by all charities for that fiscal year. However, given the strong operational overlap between fundraising activities and gifts to charities, revenue from "gifts" *and* "fundraising" amounted to 13.1% of total revenue (Table 17). Here we provide information on the types of fundraising methods to add further interesting insights on the linkages between the charity and its community.

In 2004, about 85% of the registered charities in rural areas used fundraising to generate revenue while in urban areas 78% of charities used fundraising. Fundraising activities can be carried out in a variety of different ways and not all generate or require the same level of community involvement. It is reasonable to assume that, given the nature of the event, auctions, sporting events, fundraising dinners and door-to-door solicitation, to name a few, generate substantial community involvement and interaction. In contrast, targeted corporate donations, mail campaigns and radio or TV commercials are somewhat more commercial and administered with relatively less active community participation[16].

What type of fundraising activities did charities across the rural to urban gradient organize and were these activities more likely to be carried out by contracted fundraisers or staff and volunteers? In other words, was there a measurable difference in community involvement at any point across the rural to urban gradient? Overall, collection plates/boxes and fundraising dinners/galas/concerts were two fundraising methods used more than any other with 17,436 and 15,926 charities, respectively, listing these as a way to fundraise.

For charities using fundraising to generate revenue, Table 21 shows the proportion of charities reporting each type of fundraising method within each geographic group. The use of collection plates/boxes was less prominent in urban communities (20%) relative to rural communities (27%), with increased use in Strong and Weak MIZ communities (over 30%). While nearly as popular as collection plates, fundraising dinners were used by an almost equal proportion of charities across the rural to urban gradient. Also, charities based in rural communities tend to favour fundraising methods that, by the nature of the activity, have a somewhat stronger social aspect. While ranked low for both areas, door-to-door solicitation is a more prominent fundraising technique in rural areas. Although the distinction is not clear-cut, rural based charity's tendency to rely on methods with a potentially stronger social component contrasts with urban based charities tendency to use more administrative methods. The data show that, mail campaigns, targeted corporate donations, targeted contacts and telephone solicitation are all used by a substantially larger proportion of urban charities relative to rural charities.

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16. For a complete list of fundraising categories refer to the CRA's Registered Charity Information Return Form, T3010A.

Table 21 Distribution of fundraising methods by type of area, 2004

Fundraising method	Larger urban centre			Rural and small town					All areas
	LUC	CMA	CA	RST areas	Strong MIZ	Moderate MIZ	Weak MIZ	No MIZ	RST territories	
	percent using the fundraising method									
Advertisement	**10.9**	10.1	13.8	**12.1**	12.1	12.0	12.4	11.9	5.4	**11.3**
Auctions	**7.6**	7.6	7.5	**5.9**	6.9	5.8	5.8	4.5	3.6	**7.1**
Bingo/casino nights	**6.8**	6.3	8.6	**5.3**	5.6	5.4	5.1	5.5	7.1	**6.4**
Collection plate/boxes	**20.5**	19.4	24.1	**27.3**	31.2	26.0	26.1	30.3	25.9	**22.4**
Door-to-door solicitation	**1.6**	1.6	1.9	**4.5**	4.3	5.3	3.8	5.2	1.8	**2.5**
Draws/lotteries	**7.9**	7.3	9.9	**10.1**	9.7	9.9	10.6	9.8	6.3	**8.6**
Fundraising dinners/galas/ concerts	**19.9**	19.8	20.5	**21.9**	24.8	22.9	19.9	20.9	11.6	**20.5**
Fundraising sales	**16.0**	15.5	17.7	**17.5**	18.6	17.4	17.3	15.6	27.7	**16.5**
Mail campaigns	**12.4**	12.9	10.6	**8.6**	10.8	8.7	7.9	6.0	3.6	**11.3**
Planned giving programs	**4.6**	4.7	4.2	**2.7**	3.7	2.6	2.6	1.8	0.0	**4.0**
Targeted corporate donations	**10.4**	10.5	10.0	**5.9**	5.5	6.0	6.5	3.3	4.5	**9.1**
Targeted contacts	**8.5**	8.9	7.2	**4.2**	4.8	4.1	4.2	2.7	1.8	**7.3**
Telephone solicitations	**2.9**	3.3	1.8	**1.4**	1.0	1.6	1.4	1.0	0.9	**2.5**
Tournaments / sporting events	**5.8**	5.7	6.1	**4.6**	5.0	5.0	4.0	5.1	0.0	**5.5**
Walk-a-thons / bike-a-thons	**4.1**	4.1	4.0	**2.8**	2.9	2.9	2.7	2.4	0.9	**3.7**

Note: Column totals do not equal 100 since charities can utilize more than one fundraising method.
MIZ = Metropolitan Influenced Zone, CMA = Census Metropolitan Area, LUC = Larger urban centre, RST = Rural and small town, CA = Census Agglomeration.
Source: Authors' computations based on Canada Revenue Agency 2004 data.

Charities were also asked if they used incentive-based compensation for fundraisers, such as bonuses, commissions, finder's fees and honoraria. Out of a total of 77,758 charities and $1.7 billion raised through fundraising, only 794 charities used incentives to raise $201.4 million. Table 22 shows the proportion of charities that used incentive-based compensation for fundraisers across the rural to urban gradient. The data show a stronger tendency amongst charities based in CMA and CA communities to use incentive based compensation for fundraisers relative to charities based in rural communities. Hence, the data suggest that charities in rural communities had a greater tendency to rely on staff or volunteers to conduct their fundraising activities.

Table 22 Percent of charities reporting incentive-based fundraising by type of area, 2004

Type of area	Compensated fundraisers
	as percent of all charities
Larger urban centre	**1.2**
CMA	1.3
CA	1.1
Rural and small town	**0.6**
Strong MIZ	0.9
Moderate MIZ	0.9
Weak MIZ	0.5
No MIZ	0.5
RST territories	0.2
All areas	**1.0**

Note: MIZ = Metropolitan Influenced Zone, CMA = Census Metropolitan Area, LUC = Larger urban centre, RST = Rural and small town, CA = Census Agglomeration
Source: Authors' computations based on Canada Revenue Agency 2004 data

9 Conclusions

This paper presents a profile of registered charities, which are one of the main types of formal organizations within the domain of the social economy. Data from Canada Revenue Agency from nearly 78,000 organizations, and for the year 2004, are mapped to a census subdivision (CSD) geography using a Statistics Canada application (PCCF+) and the *rural and small town* definition of rural. This analysis adds a unique geographic perspective to the available literature on the social economy and on social enterprise.

The results of this analysis show that rural charities are more likely than urban ones to be organizations that advance religion; they are also more likely to be recreational and less likely to be classified as educational and health care organizations. Rural charities are slightly more likely to be governed by other charities with provincial, national or international links, and are also slightly less likely to have an international program on their own. Rural charities are smaller than urban charities in terms of staff and financial size and generally, they are less likely to receive revenues from other urban charities, but are more likely to give to urban charities. Like urban charities, rural charities receive most of their revenue from government sources but the majority of government funding for charities went to charities in urban areas. Part of this seems to be explained by the type of rural charity as the bulk of government funding went to universities, hospitals and other health care facilities (which are more prominent in urban areas). Even though fundraising provides a limited contribution to the budget of both rural and urban charities, fundraising methods were used by a relatively greater proportion of rural charities than urban

charities, which emphasizes the rural organization's social dimension.

Rural communities are home to a greater proportion of charities than their share of Canada's population would suggest, with 361 charities per 100,000 inhabitants compared to 233 in urban centres. However, not surprisingly, financial data indicates that urban charities, while less numerous, receive more money. CMAs had the largest proportion of charities with assets greater that $1 million (18%), while only 9% of rural charities were in this category. A larger percent of urban charities had liabilities in excess of $100,000, relative to rural based charities (22% and 10% respectively). Revenues and expenditures of urban based charities were also considerably larger than rural based charities. For instance, charities involved in health care[17] and located in CMAs had an average annual revenue of 8.0 million, or 69 times the average revenue of those located in No MIZ communities where the average annual revenue was $115,000.

Public and private foundations tend to locate in urban communities. In 2004, 869 (20%) out of 4,278 public foundations and 283 (7%) out of 3,874 private foundations were based in rural communities. In contrast, charitable organizations have a stronger rural presence, with 21,128 out of 69,606 (30%) of the total located in rural communities. A further breakdown of registered charities by primary area of activity reveals that religious organizations are, by a large margin, the largest group representing 40% of the total; but their prevalence is particularly high in rural areas (where they represent close to 50% of all rural-based charities). In rural communities, sports and recreation organizations also have a relatively high presence, compared to urban areas.

In 2004, registered charities had approximately 1.2 million permanent full-time employees and another 1.2 million part-time or part-year employees, a significant employer in the Canadian economy. While accounting for approximately 29% of all charities, rural charities had only 10% of the permanent full-time employees and 12% of the part-time or part-year employees. Approximately 42% of organizations, both urban and rural, had no paid employees, relying entirely on volunteers to conduct their activities. In addition to the employees and volunteers, the nearly 78,000 registered charities reported having a total of 554,324 directors and trustees on their boards, or an average of about seven per organization. Only 8% of urban charities and 7% of rural charities provided some compensation to their directors and trustees.

Several other indicators suggest that rural charities tend to have stronger ties with their local communities and tend to have a stronger local focus in their activities, although a larger proportion of them are also governed by other charities. Relative to urban charities, a slightly larger percent of rural charities are internal divisions of other charities and have linkages to provincial, national or international organizations. Moreover, a larger proportion of urban based charities, relative to rural, have programs outside of Canada and have programs at the provincial/territorial level and also carry out programs in more than one province/territory. In 2004, 6.4% of urban based charities had international expenditures while for rural based charities this figure was 3.1%. In terms of international expenditures, rural based charities spent 0.5% of their total expenditures internationally, while for urban based charities this figure was 1.5%.

However, it is interesting to note that rural charities that support other charities by way of gifts tend to support charities outside their home community. In 2004, charities based in CMAs and

17. Does not include hospitals.

CAs sent 96% and 84% of their gifts to other charities in CMAs and CAs, respectively. Charities based in Moderate MIZ, Weak MIZ and No MIZ communities sent 41%, 61%, and 63% of their gifts to charities in CMAs, respectively. Charities located in Strong MIZs, however, behaved more like their urban counterparts sending 89% of their gifts to other charities within Strong MIZs.

Government funding made up a significant portion of total revenue for charities in both rural and urban, and it was particularly high in the Territories (82% of total revenue) and in CAs (75%). In 2004, at least 92% of funding from federal, provincial and municipal governments went to charities based in larger urban centres. Registered charities in CMAs alone received 84% of federal ($4.5 billion), 75% of provincial ($59.3 billion), and 80% of municipal ($6.0 billion) available charitable funding. The bulk of government money (80%) went to three categories of charities, universities, hospitals, and other health care facilities, located in larger urban centres. Gifts and fundraising were a substantial source of revenue for charities based in No MIZ communities accounting for 26.2% of total revenue; however, for charities in rural and small town areas as a whole, the revenue from gifts and fundraising was somewhat similar to that of urban charities (12.9% and 15.8%, respectively).

There are differences in fundraising methods between rural and urban areas. Rural charities tended to utilize methods that were more community oriented relative to urban charities, such as collection plates, dinners and galas, and door-to-door solicitation. Mail campaigns, targeted corporate donations, targeted contacts and telephone solicitation were all used by a substantially larger proportion of urban charities relative to rural charities.

The analysis presented in this paper remains a descriptive exploration of a rich administrative database with a large potential for further community level analysis. These same data could be analyzed over time and in conjunction with other socioeconomic variables available at the community level, for instance from the Census of Population or other Statistics Canada sources. Currently the CRA has available annual data reported by registered charities in their information returns from 2000 to 2007. By using the postal code, this information could be coded to any of Statistics Canada's standard geographical classifications and linked to all the associated data. This would allow analysts to explore further research questions such as, the role of these organizations as employers when a community is facing economic and demographic decline, or what types of charities have seen an increase in number and/or size and possible correlations with socioeconomic adjustments that took place at the community level.

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Appendix table

Category of primary area of activity

Arts and culture
- Registered National Arts Service Organization (RNASO's)
- Cultural Activities and Promotion of the Arts
- Libraries, Museums and Other Repositories

Charitable trusts & foundations
- (Welfare) Charitable Corporations
- (Education) Charitable Trusts
- (Education) Charitable Corporations
- (Health) Charitable Trusts
- (Health) Charitable Corporations
- (Religion) Charitable Organizations
- (Religion) Charitable Trusts
- (Welfare) Charitable Trusts
- (Community) Charitable Corporations
- Service Clubs and Fraternal Societies' Charitable Corporations
- Trust Funding Registered Canadian Amateur Athletic Association
- Corporation Funding Registered Canadian Amateur Athletic Association
- (Community) Charitable Trusts (Other than Service Clubs and Fraternal Societies Projects)
- Employees' Charity Trusts

Community
- Community Organizations (not elsewhere classified)

Development and housing
- Disaster Funds
- Temperance Associations
- Welfare Organizations (not elsewhere classified)
- Organizations Providing Care Other than Treatment

Education
- Education Organizations (not elsewhere classified)
- Support of Schools and Education
- Teaching Institutions or Institutions of Learning

Health
- Health Organizations (not elsewhere classified)
- Services Other Than Hospitals

Hospitals
- Hospitals

Appendix table

Category of primary area of activity (continued)

Religion
- Seventh Day Adventist Congregations
- Anglican Parishes
- Baptist Congregations
- Lutheran Congregations
- Mennonite Congregations
- Pentecostal Assemblies (Pentecostal Assemblies) of Canada only
- Presbyterian Congregations
- Roman Catholic Parishes and Chapels
- Salvation Army Temples
- Synagogues
- United Church Congregations
- Convents and Monasteries
- Missionary Organizations and Propagation of Gospel
- Religious Organizations (not elsewhere classified)
- Other Denominations' Congregations or Parishes (not elsewhere classified)

Sports and recreational
- Recreation, Playgrounds and Vacation Camps

NEC organizations
- Service Clubs and Fraternal Societies' Projects
- Protection of Animals
- Military Units
- Preservation of Sites, Beauty and Historical
- Miscellaneous Charitable Organizations (not elsewhere classified)

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